

**CITY OF SAN JOSE FINANCING AUTHORITY
RESOLUTION NO. _____**

**A RESOLUTION OF THE CITY OF SAN JOSE FINANCING
AUTHORITY APPROVING AND AUTHORIZING THE
EXECUTION OF AN AMENDMENT TO THE LETTER OF
CREDIT AND REIMBURSEMENT AGREEMENT AND OTHER
RELATED ACTIONS IN CONNECTION WITH THE EXTENSION
OF THE EXISTING CREDIT FACILITY RELATING TO THE CITY
OF SAN JOSE FINANCING AUTHORITY'S LEASE REVENUE
COMMERCIAL PAPER NOTES PROGRAM**

WHEREAS, the City of San José (the "City") and the Redevelopment Agency of the City of San José (the "Agency") have heretofore entered into a Joint Exercise of Powers Agreement establishing the City of San José Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its instruments of debt to finance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, the Authority has heretofore determined to adopt and implement a commercial paper program under which the Authority will provide financing for certain public capital improvements; and

WHEREAS, on January 28, 2004, pursuant to a Trust Agreement dated as of January 1, 2004 (the "Original Trust Agreement"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code (the "Act"), the Authority delivered its first issue of its not to exceed \$98,000,000 Tax-Exempt Lease Revenue Commercial Paper Notes (the "Tax-Exempt Commercial Paper Notes"); and

WHEREAS, concurrently with the delivery of the first issue of the Tax-Exempt Commercial Paper Notes, the Authority and the City entered into a Site Lease, dated as of January 1, 2004 (the "Site Lease"), pursuant to which the Authority leased from the City certain Property (as such term is defined therein) located in the City, including the buildings and improvements thereon owned by the City; and

WHEREAS, concurrently with the delivery of the first issue of the Tax-Exempt Commercial Paper Notes, the Authority and the City also entered into a Sublease, dated as of January 1, 2004 (the "Sublease"), pursuant to which the City subleased the Property from the Authority; and

WHEREAS, the payment of principal of and interest on the Commercial Paper Notes (as defined below) are secured by an irrevocable direct pay letter of credit (the "Credit Facility") issued severally, but not jointly, by State Street Bank and Trust Company and the California State Teachers' Retirement System (collectively, the "Banks") pursuant to the terms of a letter of credit and reimbursement agreement (as heretofore amended, the "Reimbursement

Agreement") among the Authority, the City, the Banks and State Street Bank and Trust Company, as agent for the Banks; and

WHEREAS, on November 9, 2004, the Authority and the City adopted resolutions, after a duly held public hearing, approving using proceeds of the Commercial Paper Notes to finance the installation and integration of computer software, software licensing, hardware and certain related costs related to the City's billing system previously referred to as the "Integrated Utility Billing, Customer Service and Performance Management System" (the "CUSP Project") and currently known as the "Utility Billing System Project" (collectively, the "Projects"); and

WHEREAS, the City, in order to increase its flexibility with respect to a portion of the Projects, requested that, pursuant to the Act, the Authority issue its City of San José Financing Authority Taxable Lease Revenue Commercial Paper Notes (the "Taxable Commercial Paper Notes"); and

WHEREAS, in order to aid the City, the Authority determined to amend and restate the Original Trust Agreement and to amend certain related documents in order to provide for the issuance of its Taxable Commercial Paper Notes as well as its Tax-Exempt Commercial Paper Notes (collectively, the "Commercial Paper Notes"); and

WHEREAS, on June 23, 2005, the Authority and the Trustee entered into an Amended and Restated Trust Agreement (the "Amended and Restated Trust Agreement") in order to provide for the issuance of Taxable Commercial Paper Notes; and

WHEREAS, on November 17, 2005, the Authority and the Trustee entered into a First Supplement to Amended and Restated Trust Agreement (the "First Supplement") in order to increase the not-to-exceed maximum aggregate principal amount of Commercial Paper Notes from \$98,000,000 to \$116,000,000, and also to allow the additional use of the Commercial Paper Notes to finance the City's Central Service Yard Phase II Project and the demolition and clean up at the City's Main Service Yard; and

WHEREAS, on May 22, 2007, the Authority and the City adopted resolutions, after a duly held public hearing, approving using proceeds of Taxable Commercial Paper Notes to pay for the cost of improvements to the City-owned HP Pavilion and related costs; and

WHEREAS, on October 21, 2008, the Authority and the City adopted resolutions approving amending the Amended and Restated Trust Agreement pursuant to a Second Supplement to the Amended and Restated Trust Agreement (the "Second Supplement" and, together with the Amended and Restated Trust Agreement and the First Supplement, the "Trust Agreement") in order to expand the Authority's ability to issue Commercial Paper Notes for the purpose of refunding bonds and other obligations of the City or the Authority pursuant to Government Code Sections 53570 et seq and 53580 et seq; and

WHEREAS, the Authority and the City have requested the Banks to extend the scheduled January 26, 2010 expiration date of the Credit Facility, and the Banks are requiring that the Authority, the City and the Banks enter into Amendment No. 2 to Letter of Credit and Reimbursement Agreement (the "Second Amendment") amending certain provisions of the Reimbursement Agreement in connection with such extension; and

WHEREAS, Barclays Capital ("Barclays") heretofore assumed the rights, obligations, and responsibilities of Lehman Brothers Inc. as the commercial paper dealer for the Commercial Paper Notes under the Amended and Restated Dealer Agreement (the "Dealer Agreement") originally entered into between the Authority and Lehman Brothers Inc.; and

WHEREAS, this Board desires to authorize the Executive Director of the Authority or the Executive Director's authorized designees (collectively, the "Designated Officers") to appoint an interim commercial paper dealer to replace Barclays and/or to appoint one or more co-commercial paper dealers, in each case for a period of not-to-exceed 180 days, and to execute one or more interim commercial paper dealer agreements on the terms and conditions that the Executive Director deems to be in the best interest of the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the City of San José Financing Authority as follows:

Section 1. The Board hereby authorizes the Designated Officers, each acting alone, to execute and deliver the Second Amendment in the form posted to the agenda webpage for this joint meeting of the Authority and the City together with such additions thereto and changes therein as the Designated Officer shall deem necessary, desirable or appropriate upon consultation with the City Attorney.

The Board hereby affirms its previous delegation of authority to the Designated Officers, each acting alone, to execute and deliver one or more extensions to the Credit Facility or the commitment available under the Reimbursement Agreement for any duration of time that they deem necessary, advisable or prudent, provided that no such extension shall require an annual fee in excess of 2.00% of the commitment available under the Reimbursement Agreement without the approval of this Board.

Section 2. Commercial Paper Dealer. This Board hereby authorizes the Executive Director of the Authority or the Executive Director's authorized designees to appoint an interim commercial paper dealer to replace Barclays and/or to appoint one or more co-commercial paper dealers, in each case for a period of not-to-exceed 180 days, and to execute one or more interim commercial paper dealer agreements on the terms and conditions that the Executive Director deems to be in the best interest of the Authority.

Section 3. Official Actions. The Executive Director, the Secretary and any and all other officers of the Authority, and any officer of the City, designated by the Executive Director, are hereby authorized, for and in the name of and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Commercial Paper Notes and the consummation of the transactions as described herein, including without limitation, such documents, assignments, certificates and agreements as may be required by the Trust Agreement, the Reimbursement Agreement, the Dealer Agreement or the Issuing and Paying Agent Agreement, the Sublease or the Site Lease (as such terms are defined in the Trust Agreement). Any authority delegated under this Resolution to a specified official may also be

exercised by either the Executive Director or by the specified official's authorized designee. Further, the Designated Officers, are hereby authorized to execute certificates as to arbitrage and other necessary certificates or forms to ensure the continued tax exempt status of the Tax-Exempt Commercial Paper Notes.

ADOPTED this 8th day of December, 2009, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

Chair, City of San José Financing
Authority

ATTEST:

Secretary, City of San José
Financing Authority